

**REMARKS**

In light of the above amendments and following remarks, reconsideration and allowance of this application are respectfully requested.

At paragraph 2 of the outstanding Office Action, the Examiner has objected to the disclosure requesting that a number of run-on sentences be corrected. Applicants have amended the portions of the specification noted by the Examiner and therefore respectfully request that the objection to the specification on this ground be withdrawn.

At paragraph 3 of the outstanding Office Action, the Examiner has rejected claims 1-17, 19 and 20 under 35 U.S.C. §102(b) as being anticipated by Knee et al. (WO 95/35628). Applicants respectfully traverse the rejection.

The Examiner relies on various parts of Knee et al. to teach a method of combining compressed video streams. However, applicants respectfully submit that in Knee et al. the two data streams are in fact the same picture signal "P". This input signal is processed in two ways in accordance with Knee (see Fig. 1, and page, line 25, page 7, line 31). The data is combined "to minimize artifacts and to maximize coding efficiency in the subsequent partial coding process."

However, as amended, each of the independent claims of the present invention recites that the first and second encoded bit streams include different audio/visual information and that the data is spliced together to form the output (third base band) stream. Knee et al. needs and uses the same input data to perform its processing, and therefore splicing the data together would not be useful. Knee et al. therefore fails to teach the claimed invention. Applicants respectfully request that the rejection of claims 1-17, 19 and 20 under 35 U.S.C. §102(e) be withdrawn.

At paragraph 4 of the outstanding Office Action, the Examiner has rejected claims 18 and 21-27 under 35 U.S.C. §103(a) as being unpatentable over Knee et al. Applicants respectfully traverse the rejection.

Applicants submit that independent claim 22 contains limitations as noted above in independent claim 1 and is therefore patentable for this reason alone, and additionally as presenting an independently patentable combination in and of its own right. Furthermore, claims 18, 21 and 23-27 depend, either directly or indirectly, from one of the allowable independent claims noted above and is therefore allowable for this reason alone, and additionally as presenting independently patentable combinations in and of their own right. Applicants therefore respectfully request that the rejection of claims 18 and 21-27 under 35 U.S.C. §103(a) be withdrawn.

CONCLUSION

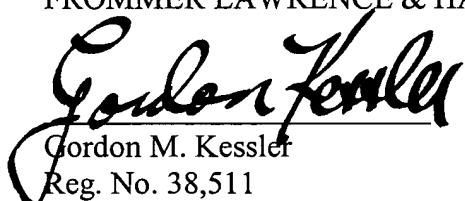
Applicants have made a diligent effort to place claims 1-27 in condition for allowance for allowance, and notice to this effect is earnestly solicited. If the Examiner is unable to issue a Notice of Allowance regarding these claims, the Examiner is requested to contact the undersigned attorney in order to discuss any further outstanding issues.

Early and favorable consideration are respectfully requested.

Respectfully submitted,

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